

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7602

BILL NUMBER: HB 1696

NOTE PREPARED: Feb 8, 2005

BILL AMENDED:

SUBJECT: Mental Health Special Needs Adoption Waiver.

FIRST AUTHOR: Rep. Behning

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: X GENERAL
DEDICATED
X FEDERAL

IMPACT: State

Summary of Legislation: This bill requires the Office of Medicaid Policy and Planning to apply for a Medicaid waiver allowing the Office to disregard parental income and provide coverage for mental health services to a special needs adopted child who is less than 19 years of age.

Effective Date: July 1, 2005.

Explanation of State Expenditures: The bill requires the Office of Medicaid Policy and Planning (OMPP) to apply for a Medicaid waiver that would disregard the parental income of an adopted child that has a diagnosed mental illness, including an emotional or behavioral disorder. If the waiver is approved, the Office is required to implement the waiver.

This bill would establish a Medicaid waiver that would waive the deeming of parental income of any adopted child that is diagnosed with any mental illness, or emotional or behavioral disorder. Once eligible for waiver services, the child would be eligible for all Medicaid state plan services offered plus specified services defined in the waiver application. The cost of this bill would be dependent upon: (1) the number of adopted children under the age of 19 years that are not currently covered; (2) the number that would meet the medical eligibility standards required; (3) the number of waiver slots established; and (4) the approval of the federal Centers for Medicare and Medicaid Services (CMS).

Waiver Background: The bill permits the Office to file the waiver application as either a demonstration waiver or as a home- and community-based services (HCBS) waiver. Under both options, the state must demonstrate to CMS that the waiver would be budget neutral, demonstrating that the costs for this population under the

waiver will not exceed the cost of care for the same population in an institution.

Under the home- and community-based services waiver option, the level of care required to receive home-based services for the individual must meet or exceed the minimum institutional level of care. This higher medical standard for qualification would limit the number of children that might ultimately qualify for waiver services. The Medicaid Program has the option of waiving the deeming of parental income and resources to be available for the support of a child under the age of 19, who is living at home but would otherwise be eligible for Medicaid-funded institutional care. By not counting the parental income, most children can easily qualify to receive Medicaid services at home or in other community settings. Indiana operates one such waiver for medically fragile children. Disregarding parental income would allow Medicaid eligibility for a group of children who previously might not have received Medicaid services unless they were institutionalized.

The waiver application process is not without opportunity costs. Waiver applications are developed and submitted by the existing staff in OMPP. Amendments and applications must be developed and adequately justified. If the Centers for Medicare and Medicaid Services have questions or request additional information, staff must be available to respond within specified time lines or requests are considered expired. If the waivers are subsequently approved, OMPP must implement the reimbursement for services, or changes to services, and fulfill waiver reporting requirements, including the critical fiscal neutrality reports. OMPP is now managing and operating eight waivers.

Adoption Background: The Indiana Supreme Court reports the number of adoption cases in the state disposed annually from 1994 through 2003 as the following.

1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
2,864	2,767	2,903	3,194	3,233	3,281	3,417	3,521	3,712	3,168

A total of 29,180 adoptions were reported as disposed in the state during the ten years covered by the report. The age of the children adopted is not known. Some children, older at the age of adoption would have passed the age parameters defined in the bill. The bill does not limit the qualifying adoption status to only children that were adopted in the state of Indiana. The number of children legally adopted in courts outside the state is unknown.

Certain children adopted through the Indiana Adoption Program, operated by the Indiana Foster Care Adoption Association in collaboration with the Division of Family and Children (DFC), are eligible for the federal Adoption Assistance Program. The assistance must be requested in the adoption petition and is ordered by the court. This can provide a monthly payment and Medicaid for the child after adoption. If adoption assistance is granted, the assistance requires periodic certification. The assistance may continue until the adopted child reaches the age of 18 and may be extended to age 21 if the DFC determines that the child's physical, mental, or emotional disabilities warrant an extension.

County adoption assistance may be available through the county DFC Office for families adopting some children with special needs. A county subsidy may include a monetary payment and reimbursement for medical and related expenses due to a pre-existing physical, mental, or emotional condition of the child. County subsidy cannot be denied on the basis of income. The subsidy must be requested in the adoption petition and is ordered by the court. A child may be eligible to receive both adoption assistance and county subsidy.

Medicaid is a jointly funded state and federal program. Funding for direct services is reimbursed at approximately 62% by the federal government, while the state share is about 38%. Funding for administrative services is typically shared 50/50.

Explanation of State Revenues: See *Explanation of State Expenditures* regarding federal reimbursement revenue through the Medicaid Program.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Family and Social Services Administration, Office of Medicaid Policy and Planning.

Local Agencies Affected:

Information Sources: Family and Social Services Administration, Indiana Adoption Program at: <http://www.ai.org/fssa/adoption/legal.html>; *2003 Indiana Judicial Report* published by the Indiana Supreme Court at: http://www.in.gov/judiciary/admin/reports/jud_service/2003report.pdf

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